A Chinese medical team joins Fabrizio Sala, vice president of Italy’s Lombardy region, for a press conference at the Milan Malpensa Airport.
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A GLOBAL SURVEY OF US-CHINA COMPETITION IN THE CORONAVIRUS ERA
INTRODUCTION

The outbreak of the novel coronavirus has introduced a series of new stresses and factors in the US-China relationship. While the world has struggled to contain the pandemic and its tragic repercussions, the People’s Republic of China has used the outbreak to launch a global campaign of misinformation, further its economic coercion through the Belt and Road Initiative, and continue military expansion efforts in the South China Sea.

China’s attempt to exploit the pandemic for political, strategic, and economic gain is problematic in the current environment, yet it is consistent with, and a continuation of, China’s long-term strategy. This report offers a global survey and assessment of attempts by the Chinese Communist Party (CCP) to expand its influence, including by exploiting the pandemic.

As the United States and its allies focus on combatting the virus and salvaging their economies, there is an opportunity to better understand China’s strategy and develop a unified response.

Following is a description of the essays in this volume:

ASIA

Beijing’s Continental Ambitions
Eric Brown highlights the role of landlocked Eurasia in China’s calculations for maritime dominance across the South China Sea and Indo-Pacific. Brown draws on China’s ongoing subjugation of the Xinjiang region as an example, along with the Chinese government’s systematic erasure of the region’s Islamic culture and practice. An effective US and allied response should establish counterpressures to China on both sides of Eurasia, along with offering strategic aid to Central Asian states aimed at de-risking greater private sector cooperation and indebtedness to Beijing.

US-China Competition in Northeast Asia
Patrick M. Cronin and H. R. McMaster outline how the political and economic fallout from the pandemic has led to a growing wariness of Xi Jinping’s intentions across South Korea and Japan, while China’s pressure tactics in Hong Kong and against Taiwan have increased tensions with its neighbors in Northeast Asia. The authors argue that stronger US bilateral relations with South Korea and Japan would help establish a free and open regional security environment and should begin with expanded cooperation on high technology and supply-chain security.

China’s Thrust into South Asia: Considerations for US Policy
Husain Haqqani, Aparna Pande, and Satoru Nagao outline China’s network of influence across South Asia and the CCP’s goal to limit defiance from India, the region’s major power. As the coronavirus pandemic slows economic growth in the region, Pakistan, Sri Lanka, and other South Asian countries caught in China’s debt-trap diplomacy will see their dependency deepen in the coming months, while India’s historic wariness of Beijing continues to deepen. Meanwhile, the United States has begun to retool its approach to development and diplomacy in the region, using US government-funded agencies to offer private-sector funding for investments in infrastructure, energy, and technology projects across the Indo-Pacific.

China’s COVID-19 Opportunities in Southeast Asia
John Lee examines Xi Jinping’s efforts to court small states in Southeast Asia, where China has already gained disproportionately large strategic benefits through state-directed investment and infrastructure building. While many Southeast Asian nations express private anger at Beijing for unleashing the virus, they have largely kept to the pre-pandemic playbook, and leaders from Cambodia, Myanmar, Singapore, and Malaysia have praised Xi publicly. Beijing has used the shift in global focus to advance its presence in the South China Sea, with a series of military actions and administrative claims on islands currently occupied by Vietnam. Lee argues that the US should support international inquiries into the origins and early spread of the virus, as suggested by Australian Prime Minister Scott Morrison, and embrace institutional solutions rather than only relying on bilateralism.
**Countering China’s “Greater Periphery” Approach in the South Pacific**  
**John Lee** reveals the challenges faced by the South Pacific sub-regions of Polynesia, Melanesia, and Micronesia, where limited access to healthcare and ventilators has caused a heightened vulnerability to China’s efforts to gain a regional foothold through supply of these essentials. In early March 2020, China established the China-Pacific Island Countries Anti-COVID-19 Cooperation Fund, allocating about $1.9 million to assist island nations in purchasing Chinese medical equipment, as part of China’s “greater periphery” strategy. To counter these efforts, the United States and its allies must meet their current Official Development Assistance obligations to the region, consider a rapidly deployable contingency fund, and facilitate assistance through multilateral organizations such as the International Monetary Fund. Even relatively small amounts would make an enormous difference to many of these small states.

**EUROPE AND THE ARCTIC**  
**China Embraces Strategy’s First Dictum, Divide & Conquer**  
**Seth Cropsey** examines the role of Eastern and Southern Europe as the western terminus in China’s Belt and Road ambitions. Although China has cultivated economic influence with Greece, Bulgaria, Romania, Serbia, and Hungary, the current pandemic has caused apparent strains, as Eastern Europe buckles under a growing $75 billion trade deficit with China. Chinese gains in Eastern Europe, Cropsey notes, will jeopardize links between NATO’s eastern flank and its Anglo-Atlantic core.

**Transatlantic Considerations for a Pacific Century**  
**Peter Rough** argues that the transatlantic alliance is important in countering China’s bid for economic and political influence in Europe. The alliance, built around the E3 countries of France, Germany, and the United Kingdom, would work in a coordinated fashion to tighten access to key technologies beyond current EU regulations; import US best practices on foreign investment; protect European industry from Chinese IP theft; and reduce vulnerability in strategic sectors. Without American guidance and support, Rough argues, the opportunity to build an unassailable alternative to China’s authoritarian capitalism will be lost.

**Creeping Influence: China and the Arctic during the Pandemic**  
**Liselotte Odgaard** examines the Arctic region’s coronavirus-related vulnerabilities, which range from its limited health infrastructure to a drastic reduction in global demand for seafood, the region’s main export. Meanwhile, Beijing’s geopolitical interest in the Arctic continues unabated. China continues with the objectives of the “Polar Silk Road,” launched in January 2018, to extract natural resources, establish its own transportation infrastructure, and convert its growing economic power into political influence. Odgaard highlights US and Danish engagement with Greenland as a model for successful transatlantic cooperation and a method of reducing China’s regional power.

**MIDDLE EAST AND AFRICA**

**Soft Power, Hard Fail: Chinese Coronavirus Diplomacy in Africa**  
**Blaise Misztal** reviews China’s diplomatic efforts in Africa, where initial positive impressions soured after reports of discrimination against a large African community in Guangzhou, China. The quick reversal of China’s coronavirus diplomacy in Africa highlights the obstacles facing an autocratic state attempting to wield soft power, particularly in countries where citizens are willing to question the impact of Chinese investment, involvement, and influence on their societies. In the longterm, Misztal notes, the pandemic will fuel growing political instability in Africa, providing China with additional opportunities for influence. The US should align its strengths directly with the emerging African voices of opposition to China and support their demand for more capable, just, and transparent governing institutions.
The China Factor in US-Israeli Relations

Douglas J. Feith explores Israel’s economic connections to China and the strain it has caused to the US-Israel relationship. China, Israel’s second-largest trading partner after the United States, has a considerable infrastructure presence and significant business investments in Israel, which pose risks to the US-Israeli relationship. Feith explores how the US and Israel can protect their strategic relationship by working together on a common threat assessment regarding China and by regulating foreign trade to protect critical infrastructure and industries.

The Coming Struggle with China over the Middle East

Michael Doran examines the possibility that the Middle East will become a contested arena between the United States and China, despite the current US focus on organizing allies in East Asia and Europe. Doran challenges prevailing assumptions that Beijing’s military contest with Washington is largely restricted to East Asia, noting that China’s port in Gwadar, Pakistan and its military base in Djibouti are signs of the broader Chinese presence to come. Djibouti and Gwadar alone will soon give China the ability to guard—or threaten—the two key choke points through which Middle Eastern oil flows.
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In September 2013, Xi Jinping officially launched the Belt and Road Initiative (BRI) of the People’s Republic of China (PRC). He chose to announce it first in Astana (now Nur-Sultan), the capital of Kazakhstan, which borders on Xinjiang, the most heavily garrisoned part of today’s Chinese police state. One month later, in Indonesia, Xi announced the BRI’s oceans-focused component, the “Maritime Silk Road.”

The twin BRI schemes show how deeply the “continental” and “maritime” are intertwined in the bid by the Chinese Communist Party (CCP) to break out of what it sees as its geopolitical encirclement and give the world a new China-dominated operating system. They also highlight the importance of Central Asia in PRC geostrategic calculations—including China’s ongoing military buildup in the South China Sea and the wider Indo-Pacific. Indeed, before the CCP regime can turn confidently to fulfilling Xi’s vision of making China into a “true maritime power,” it needs to be sure it can first secure itself on the Eurasian landmass.

Beijing-based regimes have pursued dominance in Central Asia since the eighteenth century, when China was ruled by the Manchu-Qing dynasty (1644–1912). After conquering China, the Manchus undertook to protect it by military invasions deep into the Eurasian heartland—including into Tibet, but especially into the heavily Turkic Muslim lands known by Uighurs as “East Turkestan,” or, by Chinese, as “Xinjiang,” the “new territories.” The Manchus came to reign over a vast multi-ethnic and multi-religious “China” that was nearly twice as large as the polity that existed during the Ming (1368–1644), the last Chinese-run dynasty.

When the Qing collapsed in 1912, the new Republic of China took the Manchu view of the strategic importance of Central Asia, but it was too weak to make its claims stick. The People’s Republic, established in 1949 by the CCP as a tool for perpetuating its power, picked up where the Qing left off. Mao Zedong immediately sent his People’s Liberation Army (PLA) to annex Tibet and Xinjiang and forcibly integrate them into the PRC. From there, Mao invaded northern India to secure the continental approaches to his empire and launch a larger revolution.

Mao’s “protracted war” to remake the post–World War II international order—the CCP’s first bid to create a more supportive world system—led China, and quite a few other countries, to ruin. By the 1970s, when a shattered China was menaced from the land by Soviet Russia, the party had little choice but to pursue peaceful coexistence with the United States to keep its hold on power. With the Soviet Union’s collapse in 1991, the strategic rationale that brought the United States and the PRC together evaporated. The USSR’s demise also left a power vacuum in the Central Asia region, and the PRC has since been very active in trying to fill it.

The founding of the five independent Central Asian republics—Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, and Turkmenistan—led to fears in Beijing that a Wilsonian wave and ethno-religious “splittism” might seep into East Turkestan/ Xinjiang. The peoples who call Xinjiang home—Uighurs, Tibetans, Kazakhs, Kyrgyz, and others—had bristled under repressive and discriminatory communist rule for decades. The CCP regime, rather than letting up and letting them live in peace, employed brutal measures—including state-driven settlement of Han Chinese and mass imprisonment of Muslims—to maintain its control. The CCP thought then, as it does now, that the demographic and political “harmonization” of East Turkestan/ Xinjiang was vital for regime survival and would give it a freer hand in Central Asia.

The 2008 financial crisis laid the foundation for the PRC’s economic preeminence in Central Asia, but it also shook the CCP regime at its core. Its post-1980 involvement in the global oceans-based economy allowed it to acquire unprecedented wealth and power, but it came at a cost, letting loose sociopolitical forces in China that imperiled the CCP’s monopoly on power. Instead of liberalizing, however, the Leninist regime
yet again asserted ever-greater state control over the economy, and state-owned enterprises gained dramatically over private ones. The party also launched a sweeping crackdown on the ideas of “universal values” and democratic constitutionalism.

This was the core of the party’s post-2008 effort to devise a new formula to cement its power at home and build a more supportive world order. Central Asia became one of the CCP regime’s centers for implementing that formula. The landlocked region was, and is, desperate for investment and exchange of all kinds with the wider world, but its poorly developed institutions of political and economic governance have made it a permissive environment for the PRC’s predatory geo-economic strategy, now crystallized in the BRI.

Xinjiang itself rapidly became the main base of operations for the PRC’s ever-expanding outreach across the Eurasian landmass. To the northwest, the PRC strengthened rail and pipeline connections to Russia and then to Europe. Via Kazakhstan and independently of Russia, the PRC has also pursued overland access to Europe and the Middle East, including Iran and Turkey. To the southwest, the PRC built up its influence in Pakistan’s military-intelligence establishment and poured billions into a massive transport and infrastructure network designed to connect the PRC to the port of Gwadar, which it has been building at the mouth of the Persian Gulf.

In the end, however, all this rests on the PRC’s ongoing subjugation of Xinjiang. Since the formal launch of the BRI, upwards of one to two million Uighurs, Kazakhs, and others have been “disappeared” in communist-run “political re-education” prisons and forced labor camps. The campaign to “Sinify” and “de-extremify” Uighur culture and Islamic religious practice has likewise intensified. Throughout Xinjiang, the PRC has constructed an elaborate system of AI-enabled surveillance and social control. That system is also being deployed in other parts of the country—particularly to contain the “splittist” ideological contagion from the citizens of Hong Kong and the Chinese-speaking democracy on Taiwan—while CCP-directed companies are also exporting it along the “digital Silk Road” to clients in Central Asia and beyond.

The PRC has, at least since the start of the pandemic, faced a largely favorable situation in the Eurasian heartland in which to pursue its aggrandizement there. Even so, anti-PRC sentiment in Central Asia has been growing slowly but surely—the result of BRI-enabled kleptocracy, extractive development that serves PRC state-run enterprises but not the locals, and also the oppression of kith and kin in Xinjiang. Political, business, and thought leaders in Central Asia—especially those of the post-post-Soviet generation—have formed deeper intraregional bonds while seeking improved relations with Europe, Japan, the United States, and India to balance their relations with the PRC.

US policy must be to build on this momentum. The United States has focused primarily on the PRC’s military buildup and strategic outreach in the Indo-Pacific region. But the position of the United States and allied maritime democracies of Asia and Europe can be strengthened only if the PRC finds itself under greater pressure in Central Asia, including Xinjiang.

An effective US and allied response, then, would build up counterpressures on the PRC on both sides to ensure that the CCP regime does not attain the confident security it wants on either front. Central Asia’s sovereign republics will be requiring strategic aid aimed at de-risking greater private sector cooperation, as well as relief from their crushing indebtedness to the PRC. Closer coordination between the United States, Japan, Korea, and the European nations, and possibly also with democratic India, should focus on developing the institutional, economic, and technological alternatives to the PRC’s bid for paramountcy in the Eurasian heartland. Meantime, the US and other advanced democracies should ensure their business and technological exchange with China is no longer abetting the construction of the CCP’s police state.
Above all, the CCP regime must be forced to defend its egregious actions against the people of Xinjiang/East Turkestan in all international bodies, including the United Nations and the Organization of Islamic Cooperation. There are at least fifty majority Muslim countries in the world, many of them awaiting purposeful leadership from the democratic world to help mobilize all nations of good conscience against the PRC’s hateful policies in Xinjiang.
In Northeast Asia, US-China competition continues to rise, undeterred by the web of interlocking economic, historical, and geographic underpinnings of the region. The novel coronavirus, which first took hold in Wuhan, China, has fanned rather than extinguished the embers of mistrust and enmity. While calls in the US on both sides of the political aisle for reining in unbridled nationalism, protectionism, and xenophobia are well intentioned, Beijing appears intent on achieving regional primacy by ensuring domestic cohesion, weakening US alliances, and establishing a set of rules favorable to itself.

**Introduction**

At the macro level, China’s strategy seeks to solidify its grip on internal power as a foundation for control over a more expansive sphere of influence abroad. Domestically, the Chinese Communist Party (CCP) combines an unprecedented high-technology surveillance state with unrelenting propaganda to suffocate dissent and perpetuate party legitimacy, despite a slowing economy. Because the CCP narrative cannot brook any other authority, it seeks to apply persistent pressure toward disrupting democratic Taiwan and cracking down on freedom in Hong Kong through rule by law.

Regionally and globally, China is waging a total competition that harnesses all instruments short of war and employs co-option, coercion, and concealment to accelerate its rise. Xi Jinping’s “China Dream” is a bid to recreate a version of the tributary system that Chinese emperors imposed to establish authority over vassal states. The Belt and Road Initiative, China’s signature brand for export, is focused regionally, on Southeast Asia, the Pacific Islands, and South Asia. Prosperous, powerful, and democratic Japan and South Korea pose hard targets for Beijing to pry away from the US alliance system.

China’s quest for hegemony rests on successfully achieving both continental and maritime supremacy. The South China Sea is the most convenient target for gaining incremental control. Thus, it is no surprise to find Beijing stepping up its gray-zone challenge and political warfare in that vital international body of water, even amid the pandemic.

In Northeast Asia, the fulcrum of US strategic engagement in Asia, China is waging a long-term competition to emerge the dominant player. Xi Jinping’s grand strategy is to pursue an ambitious plan to achieve a favorable set of rules and a Sino-centered security architecture. Beijing wants to wield a veto over military and economic decisions while displacing the US alliance system and neutralizing any latent coalition that could prevent it from getting its way, whether over forcible unification with Taiwan or coercion of its maritime neighbors.

Vladimir Putin’s complementary goal of eroding the post–World War US-led international order has made Russia a junior partner and supplicant to Beijing, especially concerning policies in the Asia-Pacific. North Korea is in a similar situation. Ever since South Korea and the United States commenced top-level communications with Kim Jong Un, China has endeavored to restore the historic lips-and-teeth relationship, underscoring the narrative of a “blood alliance” and China as Pyongyang’s “one-and-only relationship.” While Kim does not trust any outside power, he has found cover from his large neighbor as he presses Seoul and Washington for sanctions relief without making good on his vague promises of denuclearization.

China’s approach to South Korea and Japan, the most challenging powers to subjugate, employs divide-and-conquer tactics, blending incentives and disincentives to wean Seoul and Tokyo away from Washington in a manner intended to diminish their ability to stand up to Beijing.

**China’s Quixotic Quest**

While both South Korea and Japan harbor growing concerns about America’s commitment to its long-term security, China’s quest to garner more significant strategic influence in Northeast Asia remains quixotic and shows few signs of success.
In the short run, Xi has become more aggressive about protecting his precarious position at home to ensure that his tenure as party secretary does not end at the next party conference in November 2022.

Although Beijing has accommodated some US and international efforts to convince the North Korean regime to denuclearize, the People’s Liberation Army is increasingly assertive on China’s maritime periphery, around Taiwan, the South China Sea, and near the Senkaku Islands in the East China Sea. None of this has reassured the two US allies in Northeast Asia. Indeed, public opinion has soured on China in South Korea and Japan, and the political and economic fallout from the pandemic has led to a growing wariness of Xi’s intentions.

The Japanese and Korean publics hold highly favorable views of the United States relative to China. Before the pandemic, a Pew Research Center regional survey found that 85 percent of Japanese and 63 percent of Koreans polled held an unfavorable view of China. In comparison, 67 percent of Japanese and 77 percent of Koreans held favorable views of the United States. It is improbable that China’s early handling of the coronavirus improved its standing among Japanese and Koreans. In another Pew poll, conducted in March 2020, American public opinion regarding China continued a downward trend, with 66 percent of respondents expressing unfavorable views of China, a 20 percent drop from 2017. Moreover, in the same poll, 71 percent said they had no confidence in Xi, and 91 percent said it would be better for the world if the United States were to remain the dominant power.

Although some voices are advocating increased cooperation between China and both Korea and Japan as a result of the pandemic, serious doubts about Beijing’s handling of data, lack of transparency, and suppression of information are apt to overwhelm its attempts to put the best face on relations. At the same time, China’s pressure tactics in Hong Kong and against Taiwan, as well as its heightened efforts to demonstrate control over the South China Sea during the pandemic, have not earned Xi plaudits from China’s neighbors in Northeast Asia.

After a decade of growing tension between Japan and China over China’s push to deny Japan’s administrative control of the Senkaku/Diaoyu Islands in the East China Sea, the coronavirus crisis tore up the script for an Abe-Xi summit and demonstrated a degree of harmony between the world’s second- and third-largest economies. Plummeting tourism and trade in Japan have since led to an increased desire to ensure that Japanese companies and supply chains have greater resilience.

China’s handling of the outbreak will likely deepen regional concerns about its growing influence, and in Tokyo, skepticism over Beijing’s ambitions remains considerable. For now, with the Abe-Xi summit on hold, it seems less likely that Tokyo will rely on economic cooperation to smooth the way, given private sector assessment of the risks as the world tries to recover from the pandemic. Japan remains far from being on the other side of danger, and China’s military behavior in and around Japanese territory during the crisis has not gone unnoticed. There is no sign, in other words, that Beijing has changed its regional ambitions. Chinese influence at the World Health Organization has also dismayed Japanese policymakers, who see it as yet one more example of how Beijing’s approach to international organizations often seems at odds with Tokyo’s interests.

But China’s dishonesty and mismanagement of the early outbreak will haunt Japan-China ties going forward. The Japanese people, already skeptical of the Chinese government, are likely to see the CCP’s pandemic response as further evidence that China’s decisions jeopardize Japan’s well-being. After the World Health Organization dismissed Taiwan’s contributions and its director-general praised Xi’s “very rare leadership” and China’s “transparency,” Japanese deputy prime minister Taro Aso quipped that the WHO was beginning to look more like the “CHO,” the Chinese Health Organization.
incumbent on the United States to ensure that it shares greater power with them.

Stronger US bilateral relations with South Korea and Japan should begin with expanded cooperation on high technology and supply-chain security. They should also focus on greater reliance on Seoul and Tokyo for diplomatic initiatives that support a free and open regional security environment as well as free, fair, and reciprocal trade and economic relations. The enduring effects of the coronavirus will pose long-term challenges to the global economy. It behooves the United States, Japan, and South Korea, three of the largest democratic market economies, to play the leading role in ensuring not only a sustainable recovery, but also a recovery that includes essential reforms to protect critical high technologies and establish more resilient manufacturing hubs and supply chains.

The United States, through support for development, diplomacy, and defense, can reassure Japan, South Korea, and the broader region of its long-term intention to preserve a favorable balance of power, to protect the strategic autonomy of strong and independent sovereign states, and to resist CCP efforts to gain preponderant influence over the region. China cannot achieve regional preeminence so long as the US-Japan and US-South Korea alliances remain strong. These alliances are the cornerstone of regional security and the linchpin of Northeast Asian security.

How the United States Should Respond

Even as it prioritizes actions to emerge from the health and economic crisis, the United States must maintain a long-term strategic perspective to advance and protect its interests in Northeast Asia. To align ends with means, its first priority should be to strengthen relationships with its allies. South Korea and Japan can and should shoulder more burdens, but it is also incumbent on the United States to ensure that it shares greater power with them.

Stronger US bilateral relations with South Korea and Japan should begin with expanded cooperation on high technology and supply-chain security. They should also focus on greater reliance on Seoul and Tokyo for diplomatic initiatives that support a free and open regional security environment as well as free, fair, and reciprocal trade and economic relations. The enduring effects of the coronavirus will pose long-term challenges to the global economy. It behooves the United States, Japan, and South Korea, three of the largest democratic market economies, to play the leading role in ensuring not only a sustainable recovery, but also a recovery that includes essential reforms to protect critical high technologies and establish more resilient manufacturing hubs and supply chains.

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Keeping the United States, Japan, and South Korea strong is the best means not just of preserving deterrence on the Korean Peninsula, but also of maintaining a favorable balance of power and peace and prosperity in Northeast Asia and the wider region.
China is pursuing an immediate goal in South Asia today: to limit any defiance from the world's largest democracy, India, and hinder its burgeoning partnership with the United States. China has also built pockets of influence in the smaller countries of the region, especially Sri Lanka, while forging a deep partnership with Pakistan, an erstwhile US ally that views India as its archenemy.

If these actions are seen together with China's close ties to Iran, however, a larger strategic objective comes into view: to challenge US pre-eminence in the Gulf and the western Indian Ocean. China has a formidable network across South Asia. Its navy enjoys access to Pakistani and Sri Lankan ports, while a network of Chinese roads and railways is under construction across the Karakorum mountains and leading into Pakistan.

The means by which China is pressing its South Asia strategy is the Belt and Road Initiative (BRI), which disburses loans and makes investment in large infrastructure projects across the region. There is a dark side to the BRI, however. In just the few years since its launch, the initiative has drawn Pakistan and the island nation of Sri Lanka into a debt trap, which, in turn, has afforded China significant strategic influence over them.

This is only set to worsen because the coronavirus pandemic is exerting a devastating impact on the economies of South Asia. India's economy is projected to slow further, while the economies of Pakistan and Sri Lanka are expected to shrink. Even Nepal and Bangladesh are likely to grow at a much slower pace than in the recent past. This offers China an opportunity to buy influence under the pretense of supporting its regional partners.

The situation in Sri Lanka merits special examination. During the 2000s, China helped finance the large and expansive port of Hambantota. Colombo's inability to pay back the high-interest Chinese loan resulted in its having to lease the port to China for a period of ninety-nine years. Recently, Sri Lanka fell further into China's stranglehold by accepting an additional loan to thwart a balance of payments crisis. It is a near certainty that this ten-year, $100 million loan from the China Development Bank will emerge as a problem in the not-too-distant future.

Indeed, the Sri Lankan economy was already hurting before the pandemic hit, but it has been further damaged by its heavy dependence on sectors shut down by the virus, such as tourism. Already carrying a public debt load of 82 percent of gross domestic product, Sri Lanka has struggled to make ends meet as remittances dry up and its garment exports decline. It is crucial that the United States and its allies consider offering Sri Lanka a low-interest alternative to China's politicized debt. A small but workable application of money could make all the difference.

Islamabad is Beijing's closest ally in South Asia, and unlike Colombo, has fallen into China's arms with eyes wide open. The $62 billion China-Pakistan Economic Corridor (CPEC) is the crown jewel of the two countries' collaboration. This huge infrastructure project leads to the port of Gwadar, from which China is keen to gain access to the Persian Gulf. With the coronavirus pandemic eroding the already slim chances of Pakistan experiencing an economic recovery, Islamabad will likely rely even more on China. In fact, China and Pakistan are currently discussing a loan similar to the one Beijing recently issued to Sri Lanka.

Indeed, China seems to have a clear strategy of buying influence to project its rise as a global power. The New Development Bank (NDB), sponsored by the so-called BRICS—Brazil, Russia, India, China, and South Africa—but funded by China, has announced it will allocate $15 billion in loans to help alleviate some of the economic consequences of the pandemic. A sizable portion of that money will go to South Asia.

There is hope, however. No discussion of South Asia would be complete without India, which lies at the heart of the US South
Asia and Indo-Pacific strategy. The United States clearly views India as a potential regional security provider and seeks to build its security capacity through commercial and defense cooperation.

In 2018, India even joined the so-called “Quad,” a strategic grouping of the United States, Japan, Australia, and now, India. In the last few months, there has been a steady rhythm of Quad diplomacy, including in the expanded “Quad-Plus” format, an informal grouping of Quad states plus Southeast Asian countries and New Zealand. And so, while China has been successful in securing the dependence of Pakistan and Sri Lanka, India has resisted Chinese penetration in its backyard. In South Asia, unlike Southeast, East, or Central Asia, there is a natural hegemon: India. China cannot cast it aside easily.

This is because India shares ethnolinguistic traits, and cultural relations with all of its neighbors. Moreover, India has traditionally viewed China as an equal, rather than a superior, and has been wary of Beijing’s aims and suspicious of China’s advances into its periphery. To this day, an ongoing territorial dispute with China mars relations. All of this creates a competitive rather than collaborative dynamic.

Abroad, India’s response to the coronavirus pandemic has focused on ensuring that China does not use the crisis to create further dependencies. India proposed establishing a pandemic fund through the South Asian Association for Regional Cooperation (SAARC) with an initial contribution of $10 million. It also dispatched medical teams to Nepal and the Maldives in order to help set up quarantine facilities and train personnel.

Moreover, India has supplied the drug hydroxychloroquine to neighboring countries and those further afield, including the United States. Its navy has kept two ships on standby to evacuate Indian personnel abroad or deliver emergency provisions. By contrast, China has supplied faulty test kits, refused to take any responsibility for its delayed response to the coronavirus, delayed sharing crucial information with the world, and openly threatened countries that dared criticize its conduct along the way.

These actions have burnished India’s image in South Asia while hurting China’s. In the days to come, we can expect the pandemic to exacerbate the existing diplomatic, economic, and strategic competition between India, supported by its allies, and China. To assist India, its partners will need to sustain a broad-based economic, diplomatic, and military policy toward the region.

Take the economic sphere. If China holds an advantage, it is in being one of India’s top trading partners, at over $92 billion last year. The huge Indian market, over 1.4 billion consumers strong, naturally appeals to Chinese companies, about one hundred of which operate in India today. They span such disparate fields as infrastructure, including railway equipment and steel; power generation and supply; technology; pharmaceuticals; and automobiles.

India’s concerns that Chinese companies might launch takeover bids in the aftermath of the coronavirus crisis led it to change its foreign direct investment rules last month. The new rules mandate that any companies from “border-sharing countries” will need the government’s approval prior to making investments in India, which blocks the prospect of hostile or opportunistic takeovers from China. In other words, Chinese businesses may be welcome, but within limits.

The United States has begun to retool its approach to development and diplomacy for the competition with China, including in South Asia. The US International Development Finance Corporation (DFC), formerly known as OPIC, is using private-sector funding to invest in infrastructure, energy, and technology projects across the Indo-Pacific. DFC and the Millennium Challenge Corporation, another US government-funded agency, collaborate with Indian and Japanese international development actors in South and Southeast Asia and Indo-Pacific strategy. The United States clearly views India as a potential regional security provider and seeks to build its security capacity through commercial and defense cooperation.

In 2018, India even joined the so-called “Quad,” a strategic grouping of the United States, Japan, Australia, and now, India. In the last few months, there has been a steady rhythm of Quad diplomacy, including in the expanded “Quad-Plus” format, an informal grouping of Quad states plus Southeast Asian countries and New Zealand. And so, while China has been successful in securing the dependence of Pakistan and Sri Lanka, India has resisted Chinese penetration in its backyard. In South Asia, unlike Southeast, East, or Central Asia, there is a natural hegemon: India. China cannot cast it aside easily.

This is because India shares ethnolinguistic traits, and cultural relations with all of its neighbors. Moreover, India has traditionally viewed China as an equal, rather than a superior, and has been wary of Beijing’s aims and suspicious of China’s advances into its periphery. To this day, an ongoing territorial dispute with China mars relations. All of this creates a competitive rather than collaborative dynamic.

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Asia. The continued—even intensified—coordination of these agencies is crucial.

India, as the world’s largest democracy, can also serve as a more secure supply base than China. Secretary of State Mike Pompeo and other US government officials have often spoken of the need to “restructure” global supply chains and reduce dependence on China. The Japanese government is reportedly offering financial incentives for its companies to relocate from China. Although they have many options in Asia to choose from, Western and Japanese firms may wish to consider the strategic benefits of India.
It is widely known that a basic pillar of China’s strategy to gain pre-eminence in the Indo-Pacific is to weaken the credibility of US alliances and security partnerships in the region. If China can change the cost-benefit calculations of these allies and partners in its favor—Beijing’s thinking goes—the United States is left with a weaker footing as a geographically distant power.

China’s more assertive behavior over the past decade has caused Japan and Australia to reaffirm and enhance their alliances with the United States and their security relationship with each other. But if the two serve as the northern and southern anchors of the US-led security system, the soft underbelly remains Southeast Asia. Unlike Japan and Australia, Southeast Asian states consider the cost of balancing against another great power too onerous compared to the benefits of hedging. Whereas Chinese efforts at seducing Japan and Australia have largely failed, Southeast Asian states are still undecided as to which side to choose on many issues. In this sense, there is still far more in play for China vis-à-vis Southeast Asia.

Moreover, China does not need to win over Southeast Asia comprehensively to acquire an advantage over the United States and its allies. If Beijing can merely prevent key states from balancing against China and encourage them to continue to hedge and/or remain neutral as China extends its militarization of the region, Washington and its allies will find it increasingly difficult to prevent Chinese dominance in Southeast Asian maritime theaters. In other words, simply minimizing the strategic and military relevance and agency of Southeast Asian states works in China’s favor, given that it is the People’s Liberation Army that is strengthening its presence in the region and not the United States and its northern and southern allies.

Xi Jinping has noticeably put more strategic and diplomatic emphasis on small states than his predecessors. This increased focus, manifest in the flow of resources, is beneficial for China for several reasons. Small states are less powerful and usually less important to other great powers. This means they are more likely to hedge or remain neutral than to balance, even if there is an aggressive power in their neighborhood such as China. At the same time, China, unlike the United States, is a geographically proximate great power. This is important because Beijing, as a permanent presence in the region, does not need the consent of other states to hold and extend its presence and influence.

It is also “cheaper” for China to win over small states in Southeast Asia or to buy their silence or neutrality, especially if they are low-income, authoritarian political economies where elite capture is more feasible. From Beijing’s vantage point, relatively insignificant increases in state-directed investment, infrastructure building, and the influx of tourists create a disproportionately large benefit for these smaller economies.

Opportunities for China during COVID-19

Prima facie, the pandemic should increase difficulties for Beijing. Public trust and confidence in China were already falling prior to the coronavirus pandemic over issues such as Beijing’s actions in the South China Sea and its periodic threats of coercive economic actions against regional countries. Although Southeast Asian states are careful to avoid blaming the recklessness of the Chinese Communist Party (CCP) for the spread of the virus, it is notable that Singapore and Vietnam were two of the first countries to close their borders to Chinese travelers in early February.

Moreover, work on Belt and Road (BRI) projects in the region ground to a virtual halt in the first two months of the year as China struggled to contain the virus. This is potentially significant because the promise of material benefits and largesse is the reason that Southeast Asian states are willing to submit to Beijing: if they hedge toward China or remain neutral and on the sidelines in any deepening US-China rivalry, Beijing will reward
China’s Diplomacy, Disinformation, and Military Actions during the Coronavirus Pandemic

February 10, 2020
The PLA runs two wargames near the Taiwanese border in an attempt to intimidate. The US military responds with a flyover of Taiwan. Link

March 3, 2020
Chinese state media begin publishing op-eds insisting that the world should thank China for its efforts combating the virus. Link

March 16, 2020
Chinese operatives spread misinformation on American social media platforms, falsely informing Americans that a lockdown is imminent. This strategy is intended to cause panic. Link

March 18, 2020

March 21, 2020
The CCP sends personal protective equipment to Madrid by train along the old Silk Road. Link

March 22, 2020
Alibaba founder Jack Ma announces a donation of emergency supplies to Latin American countries including Argentina, Brazil, Chile, Cuba, Ecuador, the Dominican Republic, and Peru. Link

March 31, 2020
The Chinese Health Commission admits it has been omitting asymptomatic cases from its total count. Link

April 4, 2020
A Chinese coastguard ship rams and sinks a Vietnamese fishing vessel near the Paracel Islands in the South China Sea. Link

April 20, 2020
The Jack Ma Foundation announces a massive donation of emergency supplies to the African Union, its third such donation, and to the WHO. Link

May 5, 2020
China Daily deletes a reference to the virus’s origin in Wuhan from an op-ed authored by 27 European ambassadors. Link

May 14
China is reported to be planning war games with simulated beach landing exercises in the South China Sea near islands controlled by Taiwan. Link

May 12, 2020
In retaliation for Australia’s inquiry into the origins of the virus, China suspends beef imports from Australia’s four largest producers, then threatens further trade retaliation. Link
them with guaranteed material benefits and opportunities, many of which will be provided within the BRI framework.

Nevertheless, although there is much private anger at Beijing for unleashing the virus, Southeast Asian states have largely kept to the pre-pandemic playbook, refusing to criticize the CCP. Leaders from Cambodia, Myanmar, Singapore, and Malaysia even praised Xi publicly for his supposedly decisive response. The foreign ministers’ declaration at the meeting between China and the Association of Southeast Asian Nations (ASEAN) in Vientiane, Laos in February 2020 emphasized solidarity and the importance of mutual aid during the pandemic.

In recent weeks, given the mostly silent and submissive response by Southeast Asian states, Beijing has even taken the opportunity to advance its claims and presence in the South China Sea. On April 2, 2020, a Vietnamese fishing vessel sank in disputed waters after allegedly being rammed by the Chinese coastguard. Two weeks later, Beijing sent a survey ship to waters inside Malaysia’s exclusive economic zone to tag a Malaysian exploration vessel owned by energy giant PETRONAS. Two days after that, Beijing announced the establishment of two new administrative precincts in the Paracel and Spratly Islands. The new Xisha and Nansha districts are controlled by Sansha City in Hainan Province. The latter brazenly claims to administer islands and reefs currently occupied by Vietnam. China’s Ministry of Natural Resources and Ministry of Civil Affairs released “official” Chinese names and coordinates for eighty of the islands, reefs, seamounts, shoals, and ridges. This is the first time such a list has been issued since 1983.

It is worth bearing in mind that the past few weeks have seen a concerted Chinese campaign in state-owned media and through Chinese embassies to praise the superiority of the authoritarian approach in managing COVID-19 and to mock the United States and other democracies for alleged incompetence. This is complemented by a coordinated Chinese campaign to portray the United States as being too distracted by its struggles to defend its own interests and those pertaining to Southeast Asian states. For example, the CCP-sponsored Global Times, arguably the most ardent mouthpiece for the Communist Party to an international audience, claimed that COVID-19 had “significantly lowered the US Navy’s warship deployment capability in the Asia-Pacific region.”

**How to Respond**

The United States must go on the offensive in defining how the region and world speak about, and remember, the COVID-19 situation as it unfolded in the first six months of the year. It makes good strategic- messaging and ethical sense to address this issue, because truth and facts will work against Beijing.

The US attempt to label the new virus the “Wuhan coronavirus” was an early attempt to remind the world of the recklessness of the Communist Party in allowing the virus to spread, but it suffered from a lack of coordination with allies and partners who were not consulted on the timing or intent behind it.

A more promising and constructive approach is the one suggested by Prime Minister Scott Morrison of Australia: an independent international inquiry about the origins and early spread of COVID-19, a call quickly endorsed by the United States. Europe has indicated it will support such an inquiry. The priority should be to ensure that governments in Japan and South Korea are on board and that the matter of timing does not undermine united calls to push for such an inquiry. Southeast Asian nations may not enthusiastically endorse it, but if it is led by an independent and credible institution or ad hoc entity, they will not oppose it. Most of all, it will be important to co-opt Vietnam, which is serving as chair of ASEAN in 2020, and Indonesia, which is the natural leader of ASEAN.

The high likelihood that China will not allow a genuinely independent and probing inquiry is beside the point. The
weaker powers some degree of protection, predictability, and voice vis-à-vis larger powers. In contrast, powers such as the United States have the “superpower prerogative” of bypassing existing institutional arrangements.

For example, the Trump administration’s understandable frustrations with the World Trade Organization’s (WTO) fundamental inability to address Chinese economic practices has led Washington to downgrade the importance of the WTO and attempt a bilateral re-ordering of economic relationships. In contrast, the European Union and fifteen other WTO members, including China, Singapore, Australia, and New Zealand, signed the Multiparty Interim Appeal Arbitration Arrangement in early April to allow members to bring appeals and resolve disputes while the WTO appellate mechanism is paralyzed.

These are dangerous developments for US power and influence in Southeast Asia. China is demonstrating growing skill at expanding its influence in institutions and creating entities that exclude or bypass the United States. Beijing’s aim is to expand its influence at the institutional level, with an eye toward advancing a Chinese-centric model and values.

The United States needs country-specific policies to reverse these trends, especially at a time when Beijing is using the pandemic to press its perceived advantages.

Third, Washington needs to propose institutional solutions to problems rather than relying solely on a bilateral approach. The smaller Southeast Asian states are desperate to preserve existing regional and international institutions, even if they are seriously flawed or ineffective. This is because institutions offer weaker powers some degree of protection, predictability, and voice vis-à-vis larger powers. In contrast, powers such as the United States have the “superpower prerogative” of bypassing existing institutional arrangements.

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Playing the institutional game and offering institutional outcomes, whether this be reform of existing institutions or creation of new ones, is more important to US interests vis-à-vis states in Southeast Asia than perhaps anywhere else in the world. The relatively poor US emphasis on strengthening institutions in security and economic contexts is playing into Chinese hands, as Southeast Asian states prefer weak or flawed institutions to none at all.
The South Pacific, comprising the island nations in the sub-regions of Polynesia, Melanesia, and Micronesia, urgently needs trading partners and does not easily attract foreign investment on commercial terms.

Fiscal budgets are small and gross domestic product (GDP) per capita is low. In fact, the region is the most aid-dependent in the world. Ten of the twenty-five countries receiving the highest amount of Official Development Assistance (ODA) as a proportion of GDP in the world are Pacific Islands. ODA includes aid, cheap or concessionary loans, and technical assistance. For this reason, one way for other countries to quickly accumulate influence and relevance in the Pacific Islands is through ODA.

Trade and ODA has been China’s way in. China is already the largest trading partner of the Pacific Islands Forum (PIF) member countries taken together, excluding the more prosperous members, Australia and New Zealand.1 Starting from a very low level in 2006, China became the third-largest source of ODA to these same PIF countries over the following ten years. It is estimated that China provided $1.78 billion over that period, making it the third-largest donor behind Australia and the United States, which gave $7.7 billion and $1.95 billion, respectively. A more recent revision of 2016 figures estimates that China committed over $198 million to the South Pacific, second only to Australia, which committed $730 million. However, China actually spent only $80 million, fifth after Australia, New Zealand, Japan, and the World Bank.

These figures need to be placed in proper context. On the one hand, China’s aid to the South Pacific constitutes less than 0.15 percent of its overall ODA. Even so, ODA figures that are tiny by Chinese standards are significant for Pacific Islanders. For example, from 2006 to 2013, over 50 percent of ODA provided to Fiji, the South Pacific’s most populous nation, came from China. The approximately $360 million of Chinese ODA during that period is equal to over 8 percent of Fiji’s GDP in 2015. In the same period, China provided approximately 30 percent of the total ODA received by the Cook Islands, Samoa, Tonga, and Vanuatu.

Over 80 percent of Chinese ODA given to PIF countries is in concessionary loans, and the remainder is grants. Chinese concessional loans have increased from almost zero to over $1.3 billion within one decade, at interests rates of around 2-3 percent. In addition to the substantial capital China has injected into Fiji, Chinese loans account for more than 60 percent of Tonga’s total external debt and almost half of all external debt owed by Vanuatu.

What China Wants

In the past, Beijing’s activities in the South Pacific were largely driven by determination to persuade the Pacific states to switch recognition away from Taiwan. The South Pacific is now becoming increasingly important to Chinese grand strategy as part of a “greater periphery” approach.2 Included as part of the maritime component of China’s Belt and Road Initiative (BRI), the South Pacific sits just outside the so-called second island chain, an area constituted by an imaginary line from the east coast of Japan through Guam and Palau (which is part of Micronesia) and ending in the western regions of Papua New Guinea.

1 The members of the PIF are Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu, and, since September 2016, French Polynesia and New Caledonia. Tokelau and Wallis and Futuna are associate members.

China’s focus is currently on acquiring the capacity to break out of, or else operate freely within, the so-called first island chain, which is inside an imaginary line drawn from the south of Japan through Taiwan, the west of the Philippines, Brunei, and the east coast of Indochina. The People’s Liberation Army Navy (PLAN) cannot become a genuine Pacific naval power without the capacity to break out and operate freely beyond the first island chain. In other words, it must be able to deter or repel naval counteractions around the eastern periphery of the second island chain, which is where the South Pacific Islands are located.

Although China does not openly admit to seeking foreign military bases, the issue of overseas basing and stationing of PLAN troops is being widely discussed by officials and strategists within China. Tellingly, China recently built office complexes for the Vanuatu government in addition to a stadium and convention center, and it promised to upgrade the international airport to increase Chinese tourism in the country.

According to a report quoting senior Australian security officials, China and Vanuatu were in discussions to build a military-capable base at Luganville Wharf in Vanuatu. Construction of the wharf, which was completed in mid-2017, was funded by a $54 million Chinese government loan. Both China and Vanuatu denied the report.

However, the intelligence and public reports indicating that China is seeking to develop facilities that will eventually become a People’s Liberation Army military base are compelling. Moreover, Beijing has pursued the same game plan in Djibouti, offering economic and diplomatic largesse, developing dual-purpose civilian facilities to support an increased Chinese presence for “civilian” purposes, then transforming that facility into a military asset.

China and COVID-19 in the South Pacific

In early March 2020, China ostentatiously established the China-Pacific Island Countries Anti-COVID-19 Cooperation Fund, allocating about $1.9 million to assist island nations with the purchase of Chinese medical equipment. This was followed by a high-profile event in which Chinese ambassador Zhou Haicheng handed over a large novelty check for $100,000 to Vanuatu’s minister of foreign affairs, Ralph Regenvanu.

China’s largesse has been accompanied by an extensive public relations campaign by its embassies and state-owned media to promote the idea that its governance model is suitable for managing the COVID-19 outbreak and assisting the island nations in their efforts. While official numbers in the South Pacific indicate that only about 300 people have been infected, there is very little testing. Moreover, these countries have very limited health-care systems, a limited supply of medicines, and only a handful of ventilators. Therefore, any medical assistance offered by outside powers has a disproportionately large impact on their ability to respond to a health crisis.

Additionally, many of these island nations are heavily dependent on tourism, which has been hit harder than any other industry by the pandemic. For Fiji, Samoa, Vanuatu, the Cook Islands, and Tonga, tourism makes up 17 percent, 23 percent, 40 percent, 73 percent, and 10 percent of GDP, respectively. This means that assistance and/or largesse in any form will considerably enhance the donor’s influence and standing. Beijing is making a very public show of its supposed generosity.

How to Respond

Australia and New Zealand remain the primary economic, security, and diplomatic partners of the Melanesian and Polynesian states, respectively, while the United States has long-standing relationships and a military agreement with the three Micronesian states—Federated States of Micronesia, the Marshall Islands, and Palau—under the Compact of Free Association (COFA). Beijing is closely monitoring ongoing talks between the United States and the COFA states concerning the renegotiation of COFA and its extension past its 2024 expiration date.
First, and at a minimum, the United States must ensure that there is sufficient funding to meet its obligations and the services it has promised to the COFA states. Second, it should consider a rapidly deployable contingency fund to help the COFA states manage COVID-19 if the virus takes hold in these islands. There was a recent precedent for such a framework in February 2019, when federal funding was made available to assist with the damage caused by Typhoon Wutip. Such amounts are not substantial for the US ODA budget, but they would be of great significance to the COFA states.

Third, relatively small amounts provided by multilateral organizations such as the International Monetary Fund (IMF), the World Bank, and the Asian Development Bank would make an enormous difference to many of these small states. For example, Australia is working with the IMF and the World Bank to prepare a $2 billion assistance package for Papua New Guinea as it suffers from falling oil and commodity prices. Other Pacific island states will likely need similar help. The amounts will be relatively small, but they might prevent many of these nations from becoming failed states if COVID-19 takes hold.

Without assistance, many of these states will be highly susceptible to Chinese offers of economic assistance, which will have strategic and political strings attached.
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In early April, the Chinese Communist Party (CCP) released an internal document identifying global anti-Chinese sentiment as higher than at any time since the Tiananmen Square massacre of 1989. The point is clear: Chinese malfeasance facilitated COVID-19’s spread. The CCP denied the infectivity and lethality of the virus, allowed unrestricted international travel to and from the outbreak’s Wuhan epicenter, and transformed the World Health Organization into a party propaganda outlet that spread disinformation and excluded China’s regional rivals from its pandemic response. Simultaneously, the CCP embarked on a public relations offensive, spreading disinformation and accusing the United States of planting the virus, delivering token and shoddy supplies to countries in need, and mobilizing its army of online trolls in social media confrontations.

Even more blatant is the opinion piece by Fu Ying, former Chinese ambassador to the UK and current chair of the National People’s Congress Foreign Affairs Committee, which appeared in the Economist at the end of last month. It frames the crisis as an outgrowth of poor responses, but by the United States, and identifies the so-called Sino-American “blame game” as the greatest threat to global stability. The Economist’s audacity in publishing the piece is nearly as breathtaking as the article itself. It would be the equivalent of the New York Times publishing a propaganda piece by Soviet foreign minister Andrei Gromyko during the height of the Cuban missile crisis.

Curiously, calls for “global unity” do not mask China’s intentions, but instead restate them in a manner palatable for mass consumption. The current Sino-American dispute can be reduced to the issue of power. China wishes to be viewed as an equal to the United States, at a minimum, and afforded the same global access to trade and freedom of action that the United States has enjoyed for decades. In principle, this demand is not dangerous. But the Chinese regime’s nature makes it unacceptable. The CCP has engineered a Nazi-style ethnic cleansing campaign against Muslims in East Turkestan, brutalized peaceful protestors in Hong Kong, and threatened Taiwan with invasion and subjugation if the island republic declares independence. This regime will treat the broader world with the same contempt and callous brutality as it does its own citizens.

For Americans, the novel coronavirus has thrown into stark relief the dangers of Chinese supremacy. Now is the time for the United States and its Euro-Atlantic allies to put aside their differences and unite to check Chinese power. Alas, a major obstacle exists in Eastern Europe. Between Germany’s eastern and Russia’s western borders, multiple states have not hesitated to build economic and political links with the CCP. Among them are US treaty allies.

Chinese initiatives in Eastern and Southern Europe serve three interconnected purposes. First, the Levantine Basin and Black Sea are the western terminus of the Chinese Belt and Road Initiative (BRI). This massive infrastructure and economic project serves two purposes in itself: providing China with short-term immunity from US pressure during any naval confrontation in the Pacific, and providing it with a long-term means of extending its influence throughout the Eurasian heartland. By ensuring China’s sway over major economic and commercial developments in Eastern Europe, the CCP retains an opening through which to export its goods in the event of a Pacific blockade.

Second, by incorporating US allies into its economic network, China can create friction within NATO between European partners that would otherwise stand alongside the United States against China. NATO is most potent when it is unified; conversely, divisions over threat perceptions may cripple the alliance more broadly.

Third, China hedges its bets by cultivating Eastern and Southern Europe. Contemporary geopolitical conditions encourage a Sino-
Russian entente: both benefit by undermining US power and prestige. But a geopolitical realignment, either through shrewd US triangular diplomacy or in a post-American world, would obviate this partnership. Gaining a foothold in Eastern and Southern Europe therefore bolsters long-term Chinese options.

In Southern and Eastern Europe, as in Asia, Africa, and Latin America, Chinese economic power has been the CCP’s primary political instrument. It has invested in, or outright bought, transportation infrastructure, beginning with the Greek port of Piraeus in 2009. China funds coal plants, mobile networks, and road and rail infrastructure in Serbia. It also invested eight billion dollars in Romanian nuclear energy development. And in 2019, the China Machinery Engineering Corporation signed a 120-million euro deal to expand Varna, Bulgaria’s largest port. For its part, Hungary has signed a deal in which Beijing finances a $2.1 billion rail project with a ten-year loan. The Hungarian government has kept details relating to the project hidden, including the loan’s exact amount, interest rate, and conditions.

China has institutionalized its economic expansion through the China-CEEC Initiative, or the 17+1 Group. Comprising seventeen Eastern European states—including all three Baltic NATO members, the entire Balkans, Bulgaria, Romania, Poland, Albania, and others—the 17+1 Group meets annually in a member state’s capital but has its headquarters in Beijing. Each country has a “national coordinator” who executes broader strategy in a system resembling early-modern colonial corporations. These economic efforts have translated into closer diplomatic ties. In Serbia, the ruling Serbian Progressive Party has pledged “all-time friendship” to the CCP. Meanwhile, the Bulgarian government officially classifies its relationship with China as a “strategic partnership.”

In the end, the key will be US support. Without it, the region’s resistance to China will fare as poorly as the Little Entente did when it was crushed between the great powers during the interwar period. There are immediate steps the United States should take, such as encouraging 17+1 cooperation before 17+1 meetings; articulating the dangers of Chinese investment and economic support; and offering alternatives to Chinese-backed energy, infrastructure, and 5G development.
Ultimately, such policy initiatives will have little effect unless the United States can link the role of China to Eastern Europe’s security. Smaller NATO members must be convinced that China and Russia cannot be treated separately, the former as an amicable source of investment and the latter as a military threat. Russian and Chinese interests will remain aligned unless Washington can engineer a strategic realignment. Chinese gains in Eastern Europe will jeopardize links between NATO’s eastern flank and its Anglo-Atlantic core, which in turn will bolster Russia’s position during a confrontation. If Europeans accept Chinese economic support, this will only serve to undermine their security, in turn forcing Eastern Europe’s small states to choose between a brutal, unrestrained Beijing and an equally authoritarian Moscow as their master. This would be a tragedy for Europe and an enormous setback for the United States.
The novel coronavirus pandemic has laid bare for all who want to see the challenge China poses to the United States. Its mendacity in covering up the crisis, and *cynicism* in *weaponizing* its fallout, have sounded the death knell for the “responsible stakeholder” theory of managing China’s rise: that integrating China into the liberal international order would lead to political liberalization and tame its revisionism.

China may be a new challenger, but it is dressed in familiar clothing. Like its Soviet progenitor, the Chinese Communist Party (CCP) has instituted an authoritarian system, but with modern, *technological* accessories. Unlike the Soviets, however, Beijing has absorbed an essential lesson: that communism is no match for capitalism.

At the same time, China has exploited the conundrum more recent US enemies identified at the turn of the century: how to protect an open society in an era of globalization. Unlike the Soviets, who established an independent communist zone, China has burrowed deep into the West, establishing interdependencies that double as addictions. Most Americans never hear about the hundreds of billions of dollars in Western know-how China’s companies, investors, and spies steal each year because its victims are silenced by threats of reduced *market* access. Having welcomed China into the liberal international order, the West is awakening to a fire-breathing dragon within its walls.

This poses a challenge perfectly suited for America’s alliance with Europe. Led by the E3 countries of Germany, France, and the United Kingdom, Europe boasts a gross domestic product that surpasses China’s. What is more, its economy features many cutting-edge technologies Beijing has been targeting for years. If placed in the service of a transatlantic strategy, therefore, Europe could help bend China to the West’s will. Alas, such an effort has not succeeded for two reasons.

First, Europe has not used its wealth to confront China. Its largest country, Germany, abjures geopolitical competition in favor of global cooperation, best expressed in its recently launched “alliance for multilateralism.” Moreover, for the past four years, Germany’s largest commercial partner has been China, a status cemented by heavy trading of an automobile sector whose supply lines stretch across Europe. The weak economies of Mediterranean Europe, Eastern Europe, and the Balkans have similarly welcomed Chinese investments, all while knowing their origins. These factors combine to form the essence of Europe’s approach toward China: pursue engagement, patch breakdowns, and sustain commerce.

The dominant nations of Asia, however, share little of Europe’s affinity for pooled sovereignty and multilateral governance. Instead they are motivated by concerns of geopolitical struggle. As seen from Asia, Europe is weak in what matters but strong in what does not. In particular, Beijing thinks Europe naïve and feckless, and its leaders act accordingly. Chinese diplomats, *fluent* in the vernacular of global governance, give cover to Chinese theft by promising a multilateral future to hopeful Europeans. That’s the sugar for the naïve. But when questioned, Beijing answers with acid for the feckless. Of late, it has turned to extreme aggression in the hopes of *bullying Europeans* into submission. When Germany and Great Britain debated banning Huawei from their next-generation telecoms systems, China threatened the two countries with severe retaliation. The policies of both governments are still to be finalized.

The second shortcoming lies on this side of the Atlantic. To date, the United States has not led a coalition of its oldest and wealthiest allies against China, citing the cumbersome, long-winded nature of European decision-making. Just as bad, the Americans argue, Europe would insist on diluting US negotiating objectives to the point of rendering them useless. Instead of empowering the United States, they say, Europe would disarm it.

There is real merit to these objections, but they undervalue the necessity of a transatlantic approach. As a near peer, China is unlikely to make structural changes to its mercantilist...
model if confronted by the United States alone. Worse, in such a scenario, Beijing will look to Europe as a backdoor for key technologies, undermining American leverage. There are ways to discourage such transfers, of course, but Europe has already demonstrated a willingness to free ride on the present Sino-American tariff dispute. Absent American guidance and support, the closest US allies may drift toward something resembling a giant Switzerland: politically neutral but economically open. The opportunity to build an unassailable alternative to China’s authoritarian capitalism will have been lost.

Perhaps this is overblown. Perhaps China will buckle under US pressure. Perhaps Europe will always choose its liberal democratic ally over an authoritarian power. And perhaps Europe will take tough steps to combat bad Chinese behavior on its own, if for no other reason than to protect its own industries for the decades to come. But how sure can we be of these outcomes?

On balance, it is wiser to proceed down the arduous, often frustrating path of alliance politics. This is because a united transatlantic front would make for such dominant economic leverage that even the most intransigent Chinese leader could not ignore it. To achieve such unity, there will have to be a convergence of views across the Atlantic, however. Europe has yet to organize itself around a simple truth: a world shaped by China would be darker, colder, and uglier than the US-built international order of today.

Europe has glimpsed this future, however. When the Chinese-owned Midea Group bought the German robotics firm, KUKA, in 2016, it raised alarm bells in Berlin. That year, Chinese investors conducted sixty-eight acquisitions in Germany alone. China has not always paid for its purchases, however. In its bid to dominate commercial shipping, for example, Beijing has outright stolen propriety information from the Danish freight giant Maersk.

Increasingly, Europeans noticed a pattern: Chinese firms, often state-backed, would buy, extort, or steal specialized knowledge from the West, which in turn they would use to establish national champions in their own protected market. Next, China would unleash these firms on the world, where they undercut Western competitors. The dilemma the West faces with Huawei today is only a harbinger. The final step is to translate economic weight into political influence. In February 2018, the same month that Chinese investors became the largest shareholders of Daimler AG, executives from the company apologized for quoting the Dalai Lama in a Mercedes-Benz online ad.

By March 2019, the European Union had seen enough to label China “an economic competitor in pursuit of technological leadership and a systemic rival promoting alternative models of governance.” President Emmanuel Macron of France agreed, declaring the “time of European naïveté” over. Just this month, Mathias Döpfner, the head of Germany’s most powerful media group, Axel Springer, took it one step further, issuing a call for Germany and Europe to join the United States in decoupling from China. Senior Tories in Great Britain, for their part, have established a parliamentary “China Research Group” to define a more hawkish policy toward Beijing.

The key to any American strategy in Europe lies in these countries, the so-called E3 of France, Germany, and the United Kingdom. If supported by the United States, the rest of Europe will follow where these three states lead. Without them, any strategy quickly collapses. For starters, therefore, the United States should launch an intense diplomatic outreach to the E3 dedicated to China’s geo-economic thrust into Europe.

The goal of this initiative would be to tighten access to key technologies above and beyond the EU investment screening regulation adopted in April 2019. To keep the crown jewels of European industry out of Chinese hands, the United States and the E3 should consider creating or updating export control
Most likely, many investment-hungry economies in Europe will resist such pleas. Because the European economy is an integrated whole, however, they can be expected to give way to US and E3 pressure over time. The United States should encourage such a trend by dangling a carrot: the closer Europe moves to formal coordination with it in these areas, the larger its role in crafting a new economic architecture will be.

That is what must happen next. While measures aiming to protect Europe are important, the United States should also showcase alternatives to China’s offers. The US-backed Three Seas Initiative is one such effort, countering China’s 17+1 agenda with Eastern Europe. But more should be done. Wherever China’s Belt and Road Initiative (BRI) seeks to make headway in Europe, most notably Italy, the United States and its E3 partners should be ready with a countervailing coalition. This could entail as little as basic economic investments but could go as far as active political measures. If developing an alternative to Chinese 5G requires a transatlantic consortium, for example, the United States should provide incentives for such an effort. The message everywhere is simple: Think twice about accepting Chinese money.

In the end, there is no better way to anchor the transatlantic alliance against China than by codifying an enforceable trade and investment agreement, based on mutual recognition between the United States and the EU. Alas, the prospect of such an agreement is growing more distant by the day. The United States despairs of Europe’s penchant for managed trade, from agriculture to aerospace to antitrust. And as the coronavirus wrecks economies on both sides of the Atlantic, the temptations for protectionism will only grow more pronounced. Now that Great Britain has left the EU, Brussels has lost one of its greatest champions for free trade.

For its part, the Trump administration has not made negotiations with Europe any easier. It has only intermittently coordinated its China strategy with Europe, which is pursuing its own
investment treaty with Beijing. Even so, the coronavirus crisis is shifting perceptions. Just as containing China is growing more important to the United States than rebalancing the relationship with Europe, US allies are learning that maintaining the liberal democratic order demands real sacrifice from them, too. This spirit could reinvigorate the possibility of scaled-down but high-quality US trade deals with Brussels, and, especially, the UK. The same collaborative attitude may also revive efforts to reform the World Trade Organization.

The unfolding Sino-American competition will be more than an economic contest, however. The age of free-riding militaries has come to an end. In the future, Europe must balance its economic muscle with military strength. Today it is supine, having lost 35 percent of its capabilities over the past two decades. Every US ship that sails European waters and every US soldier garrisoned on Europe’s shores is one less ship and one less soldier available to deter China in Asia. The United States will never abandon Europe militarily, but it is easy to imagine a future in which it maintains little more than a tripwire brigade in Europe, with allied troops tasked with defending the continent. Such a division of labor across Eurasia is advantageous but only possible if Europe reverses the precipitous declines in its militaries.

China proclaims its model a great success—an argument it illustrates with never-ending skylines illuminating the night and bullet trains whirring through the countryside. But in its success lie the seeds of its downfall. China’s authoritarian capitalism is inherently corrupt. Its projects abroad are no different. If the West takes the steps necessary to strengthen itself at home, joins up with its Asian allies, and exposes China’s flaws, it is sure to win the contest for the twenty-first century. The way to start is by working together.
This is the setting in which China encounters the Arctic today. While Beijing’s geopolitical interest in the Arctic continues unabated, its own economic downturn has hit the region hard. The Arctic depends heavily on the export of seafood, especially to China, for earnings. For years, China has been the biggest seafood importer for Alaska, Canada’s Arctic region, and the Faroe Islands and Greenland, which form part of the Kingdom of Denmark. When the coronavirus shuttered China’s seafood market in January 2020, its impact was felt in these Arctic fisheries. As of this writing, consumption is still not back to normal, and it will not be for the foreseeable future. If China’s economy slows considerably, as it appears to be doing, seafood connoisseurs may substitute other, less-expensive foods for the luxuries of the Arctic. In anticipation, Russia has already diverted live crab shipments from China to other parts of Asia. Perhaps the same fate awaits the other fisheries of the region, but for now, the strategy is to wait and see—and hope that demand from China recovers.

If the Arctic communities bemoan falling demand from China for their chief export, the political capitals of the region are focused on a different issue altogether: geopolitics. Indeed, there is a disconnect between the Arctic communities and their political capitals, which for the most part are far removed from these communities. In Washington, DC and Copenhagen, for example, Arctic policy is driven by strategic calculations. It is all to the good, they argue, if China has less economic muscle to establish a strategic foothold in the Arctic. Similarly, Moscow views China’s presence through the prism of power politics but it also employs a hedging strategy: on the one hand, it welcomes Chinese investments in order to pursue economic development, and on the other, it invites outside partners, including France and Japan, into major projects such as the Yamal liquid natural gas joint venture in Sabetta, Russia.

It is easy to identify the origins of the West’s concern for Chinese activities in the Arctic. Beijing has made strategic investments in areas neglected by the Arctic powers, including...
critical infrastructure and strategic resources, from abandoned naval bases to rare earth minerals. Moreover, it has moved to make its own investments, outlays that have not been without controversy in Copenhagen at a time of tight budgets. To complement this policy, the United States announced in April a $12 million development aid package to Greenland alongside the reopening of its consulate in Nuuk.

Greenland already hosts the Thule Air Base, which is the US Armed Forces northernmost base. The base is a critical site for missile defense and space situational awareness, and features the northernmost deep-water seaport and airfield, making the base a key strategic asset for maritime operations in the Arctic. While the immediate goal of the US assistance package is to strengthen the mineral industry, tourism, and education, the broader strategic logic is clear: anchor Greenland firmly in the US orbit while reducing the attraction of Chinese economic overtures. Together, Denmark and the United States offer a one-two punch in support of Greenland.

Are there lessons from Greenland that can be extrapolated across the Arctic? The renewed US focus on pushing back against growing Chinese influence in the region demands that Arctic NATO member states make strategic investments in their northernmost territories. Even the United States has its own economic challenges in the region, with Alaska badly in need of updated military infrastructure and socioeconomic development. In short, the capitals of the Arctic NATO members need to start explaining to their citizens why all Western nations in the region must increase their investments in their High North territories—and investments must then follow. To do otherwise would open the way for China and risk the prosperity and peace that has characterized the Arctic for years.

climate and environmental research. In an attempt to legitimize itself as a regional actor, it has also increased its influence on the Arctic institutional agenda and participates actively in all the fora to which it is granted access, such as the Arctic Council and the Arctic Circle Assembly. Most importantly, however, China launched the Polar Silk Road in January 2018, which has allowed it to extract resources and develop infrastructure plans across the region, including in telecoms and railways. At times, it has translated its growing economic power into political influence.

Last year, an audio recording surfaced of a Faroe Islands official suggesting that China conditioned favorable trade relations with Tórshavn on its selection of Huawei for next-generation telecoms. This illuminates the political dimension of economic cooperation with China—links that are rarely aired in public for fear of repercussions from Beijing. Even ostensibly benevolent Chinese policies carry with them political undertones. For example, Beijing has a network of research stations across the Arctic, in Norway, Sweden, and Iceland. They are launched as facilities for research on northern lights, glaciology, climate change, satellite remote sensing, fisheries, and oceanography. But research stations can also be used for the military purpose of surveillance, communication, and interference in space. The science-based presence allows China a foothold with geostrategic implications. China may be a newcomer in the Arctic, but it is establishing a strategic foothold now that will allow it to expand its engagement in the future.

There is hope for the West, however. Perhaps the best example of transatlantic cooperation in the Arctic is the case of Greenland. Denmark, which sets Greenland’s security and defense policy, has repeatedly blocked Chinese investments in
MIDDLE EAST AND AFRICA

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AFRICA: SOFT POWER, HARD FAIL: CHINESE CORONAVIRUS DIPLOMACY IN AFRICA

Blaise Misztal, Fellow, Hudson Institute

A global map of the COVID-19 pandemic shows the Northern Hemisphere glowing orange, the situation south of the equator seemingly much less dire. That does not mean, however, that southern countries will remain unaffected by the virus. Africa, perhaps more than any other region, could suffer, regardless of whether the pandemic’s toll mounts.

Significant aftershocks from the coronavirus—humanitarian and economic crises; increased terrorism and conflict; and ever-more autocratic states—could destabilize African countries and leave them more susceptible to great power competition. It is far from certain, however, that China will be able to seize this opportunity. Already, China’s early attempts at “coronavirus diplomacy” have been undermined by Beijing’s own missteps and by engaged African civil society. China might also find itself over-extended to deploy other tools, particularly economic ones, to improve its standing in Africa. Nevertheless, the United States will need a strategy for confronting the coming instability.

COVID-19 in Africa

The coronavirus might have been slow to spread into the Global South, but it has not spared it. There were fears that the world’s poorest states would be most at risk in a widespread pandemic, since they lack the resources, infrastructure, institutions, buying power, and, in some cases, authority and legitimacy of developed nations, and their economies are often intertwined with China’s. However, these worst-case scenarios have not played out, particularly in Africa.

The first African COVID-19 case was reported in Egypt in mid-February. It was not until two weeks later that the virus was found in sub-Saharan Africa, in Nigeria. Since then, all but one of the continent’s fifty-four countries have reported cases of COVID-19, with Lesotho the sole exception. As of May 14, there were roughly 75,000 confirmed cases in all of Africa, with a total population of 1.3 billion. This is similar to the number in Peru, which has only 34 million inhabitants. Africa’s largest economies were not only among the first to be infected, but have also reported the greatest number of COVID-19 cases: Egypt and South Africa have over 10,000 each, Algeria and Morocco have around 6,000 each, and Nigeria, the continent’s biggest economy and most populous country, has some 5,000 cases. This was to be expected of a pandemic that spreads along the commercial links of a globalized world. Yet it is Africa’s smallest continental country, Djibouti, that has the highest incidence of COVID-19, with about ten times more infections per capita than any other country in the region.

Several factors could be contributing to the much lower number of officially reported cases in Africa than was initially feared: the limited availability of testing, a young population, a warm and sunny climate, lower social mobility, and less international travel. Various African countries might exhibit all or some of these characteristics, but so, too, do countries that have not fared as well. No one explanation for Africa’s limited experience with the coronavirus thus far is dispositive or can reliably predict whether the region has been spared or is still at risk.

It is against this backdrop of uncertainty that the Chinese Communist Party (CCP) has sought to strengthen its own standing in Africa, although not very successfully.

Soft Power

As the CCP claimed to have successfully contained the coronavirus outbreak within China’s own borders, it embarked on a charm offensive in Africa, much as it did in Europe, providing medical equipment and assistance. The early positive reaction has quickly turned sour due to a number of Chinese missteps.

In Africa, unlike in Europe, much of the Chinese assistance, though announced by Chinese embassies, appears to have been delivered through Chinese companies rather than the central government. Thus, on March 22, 2020, Chinese
billionaire and Alibaba founder Jack Ma announced a donation of millions of coronavirus test kits, face masks, and other vital equipment, primarily targeted at Africa. Ma promised 20,000 test kits, 100,000 masks, and 1,000 protective suits to each of the fifty-four African states. Chinese companies such as Huawei, Naspers, and the Huajian Group have similarly donated cash or equipment. Chinese citizens residing in Africa, who number around one million, have also mounted various efforts to provide assistance.

Amid this initial Chinese aid blitz, African leaders wondered aloud about the absence of the United States and expressed gratitude to China. African heads of state took to Twitter to thank the Chinese for a “huge shot in the arm” of coronavirus aid, while analysts noted that “the perception across much of the continent today is that the Chinese are stepping up to deliver the kind of public goods that the US used to provide.”

Hard Fail
This shine quickly wore off, however. Early on, concerns that the virus originated in China led Africans to shun Chinese nationals on the continent and caused demand for Chinese products, like frozen seafood, to plummet. Nigerian doctors were strongly opposed to the arrival of a Chinese medical team, which they viewed as demeaning. In early April, when the CCP began stoking fears in China about infected foreigners, reports began to surface of mistreatment and discrimination against the large African community in Guangzhou. The backlash in Africa was fierce and originated from the bottom up.

As news of the Guangzhou incident spread, rage mounted first on social media, with #RacisminChina and #ChinaMustExplain emerging as hashtags. It soon spilled into the physical world with reports, for example, of protesters in Nigeria burning down Chinese businesses. Soon traditional media began covering the topic. Eventually, political leaders more accustomed to lauding Beijing were forced to denounce what happened in Guangzhou. Nigeria, Ghana, Uganda, Kenya, and the African Union summoned Chinese ambassadors to explain the incident. Some politicians, went further, channeling public anger to suggest a rethinking of relations with China. In Kenya, a member of parliament issued a stark warning of reciprocal treatment for Chinese nationals and suggested that Chinese immigration had to be reconsidered; South Africa’s finance minister proposed reducing reliance on Chinese imports.

Thus far, Chinese attempts to mitigate this public relations disaster appear limited to photo opportunities. Meanwhile, Beijing has done little to offer African countries the assistance they desperately need and have asked for: debt relief. A Nigerian former World Bank official penned a Washington Post op-ed demanding “damages and liability compensation from China, the rich and powerful country that failed to transparently and effectively manage this global catastrophe.” Leaders from South Africa, Ghana, and Uganda have made similar calls.

The quick reversal of China’s coronavirus diplomacy in Africa, from early success to major setback, highlights both the obstacles facing an autocratic state attempting to wield soft power and, in turn, the power of civil society. It turns out that a regime that does not rely on winning the hearts and minds of its own citizens to stay in power lacks the finesse and insight to win the hearts and minds of foreign publics—especially when those publics are increasingly empowered and willing to question the impact of Chinese investment, involvement, and influence on their societies.

Instability and Autocracy’s Allure
Even if Africa is spared further coronavirus spread, the pandemic will nevertheless exact a high toll on the continent in the form of greater economic and political instability. The aftermath of the COVID-19 pandemic will create opportunities for China to strengthen its position there. There are good reasons to doubt, however, that Beijing will be able to capitalize on these openings; even if it attempts to, the United States is in a strong position to counterbalance it.
Amid such political destabilization, it will be easier for China to recruit clients. Influence, resources, and access will cost less during the coming economic turmoil. But that does not mean that China, or other authoritarian powers, will be able to seize these opportunities. China not only faces its own economic complications from the coronavirus but also has significant exposure in Africa. By one count, it has lent nearly $400 billion to emerging market economies, many in Africa, which will now prove hard to recoup. It will also have little to show for the roughly $50 billion it has invested on the continent, as commodity prices crater and infrastructure remains underutilized.

Post-coronavirus African regimes might be receptive to Chinese influence. Ironically, however, it might turn out that Beijing’s past attempts to build a position in Africa mean it has already spent too much and gotten too little to be able to capitalize on this opportunity.

Non-competitive Competition

Despite the difficulties that China has and will potentially continue to encounter in Africa, the United States needs its own proactive strategy for the continent. That strategy should not be based on a tit-for-tat competition with China, but rather play to existing US strength in the region.

While instability in Africa poses an economic challenge to Beijing’s investments, it is not without risks for the United States either. With jihadist groups ascendant across the Sahel, Africa could become the new heartland of Sunni Islamist terrorism, potentially launching or inspiring attacks against the American homeland. Conflict, dislocation, and poverty in Africa will wash ashore in Europe in the form of terrorism and refugees, sapping what economic and political vitality Europe still has. Continued disorder in Africa would deprive the United States of valuable emerging trading partners. Meanwhile, an authoritarian backlash could allow other US competitors—Russia, Iran—to grow their presence on the continent.
The US strategy for Africa, thus, should not be defined solely as an attempt to counter China. First, the United States must think more strategically and not view Chinese involvement in Africa as a zero-sum game. Some Chinese investments might be beneficial for African societies or at least might not threaten US interests. Others, as is turning out to be the case, might be poor bets for China that only end up draining its resources. It might be wise for the United States to encourage such expenditures. Second, there is a broader set of interests for the United States to pursue, beyond curtailing Chinese influence.

Most importantly, however, it would be a mistake for the United States to try to compete with China at its own game of buying influence. This is not a game the United States can win, nor one it is good at. Instead, US strengths align directly with the emerging African sources of frustration with and opposition to China: civil society’s demand for more capable, responsive, just, accountable, and transparent governing institutions as well as greater economic opportunities.

Addressing Africa’s weaknesses in the face of the coronavirus—public health, security, economic, and governance—will also serve to undermine Chinese influence. Where China works with autocratic regimes, extends loans with strings attached, ignores or exploits corruption, and angers locals, the United States must mount a response that does the opposite: engages, educates, and empowers civil society; works through and strengthens local institutions; builds in transparency measures; leads a global coalition for debt relief; leverages private sector investments to spur local economies; and promotes local entrepreneurship and innovation.

African society is proving that it is up to the task of developing creative solutions, from technology to music, to respond to the coronavirus. The United States should stand behind and strengthen these local efforts because investing in the people of Africa is the best way to both drive self-reliance and contain Chinese influence. Washington already has many of the tools in place to pursue such a strategy, from nearly two decades of investment in African public health, including through the President’s Emergency Plan for AIDS Relief (PEPFAR), to the recent creation of the US International Development Finance Corporation (DFC) for facilitating private sector investment.

China’s clumsy attempts at wielding soft power, if they have had any effect, have only hardened African public opinion against it. While China’s early stumbles are a relief, they are no guarantee that the geopolitical status quo is secure. Instead, they create an opening for the United States to play to its strength: doing well for itself by doing good for others.
ISRAEL: THE CHINA FACTOR IN US-ISRAELI RELATIONS

Douglas J. Feith, Senior Fellow, Hudson Institute

Over the years, disagreements on China have damaged the US-Israeli relationship. At the moment, they are irritants, but if mishandled, they could severely impede strategic cooperation. There are ways to limit the risk, but Israeli and American officials will need to apply themselves.

US relations with China—and therefore China’s relations with the world—entered a new era in 2017, when the Trump administration began. The United States intensified its opposition, started tentatively in the Obama years, to hostile Chinese actions in military, diplomatic, and economic fields. Washington has won varying degrees of support in this effort from foreign friends.

Israel remains understandably focused on Iran and other regional strategic concerns. It could do itself and its economy serious harm, however, if it fails to position itself properly in the world’s great new strategic challenge.

While today’s US-Israeli disputes over China involve non-military trade and investment, the first two such clashes were about military contracts. In the late 1990s, US defense officials objected to Israel’s plan to sell China an aircraft radar system for air battle management. Named Phalcon, the system was an Israeli version of the US Air Force AWACS (airborne warning and control system). Israel bowed to US pressure, cancelled the sale, refunded nearly $200 million, and paid the Chinese government more than $150 million in damages.

The second clash occurred during the George W. Bush administration and involved various defense items, including Israel’s Harpy anti-radar missile. The problem, which was largely about transparency and opportunities to consult in advance about Israeli-Chinese defense transactions, had far-reaching consequences. First and foremost, in 2005, Israel terminated altogether its defense trade with China. Also, the director general of Israel’s Defense Ministry was fired for losing the confidence of US defense officials, the Knesset enacted new export-control legislation, and Israel concluded an information-sharing agreement with the Pentagon. These actions did not just limit harm. They solved problems of policy and communications, cleared the air, and laid the groundwork for closer bilateral defense cooperation in the future. The dispute might have done grave damage had it not been managed discreetly and constructively on both sides by officials who valued the US-Israeli relationship.

Yet even without military sales, Israel’s economic connections with China burgeoned to the point that China is now Israel’s second-largest trading partner, after the United States. In 2018, according to the Israel Export Institute, China imported more than $4.6 billion of Israeli goods and exported to Israel more than $10.9 billion of Chinese goods. These numbers are up dramatically from 1992, when Chinese goods imports totaled only $38.7 million, and exports $12.8 million. Trade in services is also way up, but the data are sketchier. As we shall see, Chinese investment in Israel in recent years has also boomed.

Relations between the United States and Israel now are strong and remarkably harmonious, yet China has once again become a problem. At issue are Chinese-Israeli ties that are commercial and not strictly military. How the United States and its friends should regulate commercial relations with China for national security purposes is a question that poses difficult intellectual challenges. The world order has never before been challenged by so potent a rising power that plays so large a role in the global economy.

US officials generally did not, until recently, view non-military business with China as a strategic problem. For forty years and more after the famous Nixon-Mao meeting in 1972, the United States championed China’s economic growth, aiding China’s technological development and entry into the World Trade Organization. Such policies, US officials believed, would promote Chinese liberalization, which in time would make China less repressive at home and less threatening abroad. The hope was that China and the world’s democratic countries would converge.
President Xi Jinping, however, has effectively killed these liberalization and convergence theories. Under his leadership, which began in 2013, the Chinese Communist Party has not sought economic growth through liberalization. Instead, it has relied on greater state support for, and use of, technology, while increasing domestic repression and adopting aggressive courses of action toward neighboring countries, toward the United States, and toward others. Chinese officials are pursuing military predominance—at a minimum in Asia—aiming to end the US military role in upholding international order. Among their measures to grow and assert Chinese strategic power are the Belt and Road Initiative (BRI) and the no-holds-barred pursuit of technology transfer from innovative countries to China.

The BRI has made China the financier, builder, owner, and/or operator of airports, seaports, warehouses, highways, and other infrastructure projects that link China across the Indian Ocean and Central Asia to Africa, Europe, the Americas, and beyond. Through the initiative, Chinese officials are increasing their economic power, technological know-how, political influence, and intelligence and military capabilities. In Israel, Chinese firms have been (or are now) responsible for expanding Ashdod port and constructing major transportation systems—including the Tel Aviv light rail system and the Carmel tunnels. A Chinese company has an exclusive contract to operate a new container facility at Haifa port for twenty-five years, beginning in 2021. And, if a railway from Eilat to Ashdod wins Israeli government approval, a Chinese company is poised to build it.

Meanwhile, Chinese firms are also active in Israel as business investors. Their investments in Israeli hi-tech in 2017 totaled approximately $600 million, an impressive increase from $232 million in 2013. China needs technology from abroad to fulfill its strategic ambitions. Some it acquires legitimately. Some it steals. Its officials and business personnel have become notorious for misappropriating intellectual property through reverse engineering, undue pressure for technology transfer, and outright theft. What is at stake is more than just private property rights. The technology at issue, even when not specifically military, can play an important national security role.

China uses high technology for surveillance, domestic political repression, and national security abroad. If it acquires first-rate technology, China can apply and sell it around the world, making other countries vulnerable to disruptions, interference, and surveillance by Chinese authorities. Selling surveillance technology to foreigners is a way for China to export its own brand of authoritarianism. China transfers security-related technology to military partners around the world, including Iran, an enemy of both Israel and the United States. Chinese military and domestic security officials systematically exploit technology possessed by Chinese commercial firms, even those privately owned. In 2017, President Xi himself announced creation of a Chinese government commission to promote “military-civilian fusion,” a policy to ensure that military authorities have access to all exploitable technologies acquired by Chinese companies.

Though Israel is a small country, it looms large in China’s foreign trade and investment vision because Israeli companies are so good in creating, applying, and selling technology. Israelis have been eager to welcome Chinese as customers and investors, but there are downsides in doing so. First, there is the danger of theft of Israeli technology and the potential for Chinese firms to use it to compete against the Israeli originator. Second, China might transfer the technology or other information to Israel’s enemies in Iran or elsewhere. Third is the moral (and public relations) risk that Israel will become implicated in the domestic oppression of people accused of opposing the Chinese Communist Party. And, finally, there is the possibility that China will exploit Israeli technology in ways that endanger US armed forces or other important US interests, putting the entire US-Israeli relationship at risk.

These are hazards to which American officials are increasingly attuned. To safeguard the relationship with the United States, Israeli officials will have to become similarly sensitive. US
officials have voiced unease about China’s economic activities in Israel. Press accounts have highlighted US disapproval of the role Chinese companies will be playing in operations at Haifa port and in construction of a large desalination plant in Nahal Sorek. US officials have also warned their Israeli counterparts against allowing transfers to China of Israeli manufacturing know-how, surveillance capabilities and other technology.

Israeli officials have taken these concerns seriously, but not as seriously as Americans worried about China would like. At Washington’s urging, the Israeli government recently created an interagency committee to review foreign investments. The United States has had one since the 1970s, but Israel has not. Critics of China’s Haifa port contract have said that if an Israeli review committee had existed when the contract was first contemplated, it could have flagged the national security dangers. Israel now has such a committee, but its jurisdiction is limited and will not extend to all relevant high-technology investments. The limitation was crafted to avoid offending China, so it antagonized US officials instead.

Some old thinking needs to yield to new insight. For example, China is not liberalizing and not converging with the West but working vigorously in a hostile fashion to challenge vital US interests in the world. Commercial technologies are not irrelevant to national security concerns simply because they are neither military nor military-and-civilian “dual-use.” Metadata on large populations, even civilian populations, are a national security concern, as are surveillance technology and commercial communications software and hardware.

Israel and the United States could protect their strategic relationship by working together on a common threat assessment regarding China. With ample enemies in their immediate vicinity, Israelis have not historically looked at China as a national security problem. But the world is changing. This does not mean that China should be categorized as an enemy. Nor does it mean that all commerce with China should cease, for Israel or for the United States. It does mean that both countries should see China clearly, in light of President Xi’s ambitions, strategy, and actions. And Israel, whatever the degree to which it views Chinese actors as a direct danger to its interests, should understand how US national security officials perceive China—and how Israeli-Chinese entanglements will affect strategic relations between Israel and the United States.

It would be helpful if Israeli institutions—the Foreign and Defense Ministries, for example, and the Prime Minister’s office, the Knesset, industry groups, journalists, and academics—invited appropriate Americans (official and private) to provide briefings. Existing US-Israeli official forums—such as the Joint Political-Military Group, co-chaired by State Department and Foreign Ministry officials, and the Defense Policy Advisory Group, co-chaired by US and Israeli defense officials—could regularly address the subject. More broadly, they could share ideas on how best to regulate foreign trade and investment to protect critical infrastructure and industries and generally safeguard national security.

National security concerns about China are growing across the US political spectrum. In this era of extreme political polarization, such concerns are a rare example of broad left-to-right consensus. As Israel’s economic ties to China increase, they will draw more and more disapproving scrutiny from US officials no matter who wins the 2020 presidential race.

Donald Trump, like Republicans generally, is strongly pro-Israel on the grounds that Israel is a valuable and trustworthy US ally. Top Trump administration officials have nonetheless (or, perhaps, for that very reason) publicly voiced concern about Israel’s China ties. Joe Biden has a long record of friendship for Israel, but has criticized many of Trump’s pro-Israel policies. In polls, Democrats generally show less support for Israel than Republicans do, and there is an organized, outspoken
In all events, supporters of the US-Israeli strategic alliance on both sides of the relationship have an interest in addressing the China issue. Israeli officials could do a better job of studying US official thinking about China, and US officials could do a better job of communicating that thinking.

segment of the Democratic Party that is hostile and wants the United States to distance itself from Israel. If Biden becomes president, officials with anti-Israel views can be expected to cite Israel’s China ties as grounds for discounting Israel’s reliability as a US partner.
How will the world look after the COVID-19 crisis? Much is uncertain, but this much is clear: the rivalry between the United States and China will intensify. In recent decades, US statecraft was guided by the expectation that China’s economic integration with the West would generate greater openness and accountability in Beijing which, in turn, would transform China into a non-challenging partner for liberal democracies. Even before the current crisis, a significant segment of the US foreign policy elite had recognized that expectation as unrealistic. If any hopes remained, COVID-19 has dashed them. From now on, the question is not whether to compete with China, but how.

The US and Chinese economies are so deeply intertwined that the resulting co-dependency will limit the bounds of the rivalry. Unlike the conflict with the Soviet Union after World War II, the struggle between Washington and Beijing is between two forms of capitalism, democratic and authoritarian. As the two most vital members of the same economic system, Beijing and Washington cannot simply organize rival blocs and glare at one another across a fortified frontier. Each side can pull away from the other only so much before harming itself.

In the coming years, the United States, together with its allies, will engage in a great “sorting out” aimed at defining the boundaries of the competition with China. In which arenas is the rivalry a zero-sum game? In which arenas is it of a more limited nature? And in which is there no competition at all? These are intrinsically hard questions that permit no quick and clear-cut answers. The clarity that will emerge will come only over time, in response to the press of events and after much debate.

A crucial component of this sorting out will be determining the geographic boundaries of the competition. Organizing US allies in Europe and East Asia will be the top US priorities, but the Middle East will likely become a contested arena much faster than most people expect. While this is by no means an absolute certainty, it is a very prudent bet, though one the United States has been extremely reluctant to make. For Washington, avoiding the question is a way of convincing itself that the competition with Beijing will remain manageable.

For decades, the United States has told itself that the Chinese are comfortable with US hegemony in the Middle East. China is focused, so the story goes, almost exclusively on economics: on assuring the steady flow of oil at reasonable prices, not to mention other commercial ventures. It seeks the political stability that only a US military presence can deliver, and it avoids taking sides on regional conflicts because doing so would entail making enemies, and thereby losing access to markets. In short, US interests and Chinese interests are entirely compatible.

This line of reasoning is faulty. To be sure, oil is the main source of China’s interest in the Middle East. The growth in China’s energy consumption has been so rapid it is mind-boggling. To give just one example, between 2008 and 2016, automobile sales in China quadrupled, and along the way China surpassed the United States as the world’s greatest global importer of crude oil. Imports from the Middle East account for more than one third of total consumption, and the International Atomic Energy Agency estimates that Chinese imports from the region will double by 2035.

But such an appetite for oil generates major security concerns. The idea that China is comfortable with a dominant US role in the Middle East assumes that Beijing’s military contest with Washington is compartmentalized, limited almost exclusively to East Asian questions such as Taiwan and control over the South China Sea. A few simple questions reveal the weakness in this reasoning. When Chinese planners prepare for war over, say, Taiwan or the Spratly Islands, does it occur to them that their oil supply is vulnerable to a US attack? Have they ever entertained the idea of reducing or eliminating that vulnerability?

The answers to these questions are so obvious that it must be assumed China’s goal in the Middle East is to develop the alliances and capabilities necessary to neutralize the US threat.
If that were indeed the goal, how would we expect China to go about developing those alliances? What it would not do is to openly proclaim hostility to the existing order when US forces on the ground in the Middle East have overwhelming predominance, and to begin organizing against this order directly. Instead, as a first step, China would play to its strengths and establish itself as the dominant trading partner of almost all significant countries in the region, including the closest US allies. Step one is already complete.

As a second step, China would begin to develop security relationships in the region, far enough away geographically from American forces to avoid any friction or to appear as a direct challenge to the American-led order but close enough to make the Chinese presence felt by local players. Step two is well advanced. In 2017, for example, China opened its first overseas base, a military base in Djibouti, which gives it direct access to the Bab el-Mandeb Strait and clearly is part of a larger plan to transform the security architecture of the Indian Ocean. As a sign of things to come, the port at Gwadar, Pakistan is especially notable. China is expected to militarize the port, part of a $46 billion development project that sits outside the Strait of Hormuz. Thanks to Djibouti and Gwadar alone, the Chinese navy will soon have the ability to guard—or threaten—the two key choke points through which Middle Eastern oil flows.

Step three is to develop the power-projection capabilities needed to mount a direct challenge to US predominance. This step, too, is already far advanced. China today has some 400 warships and submarines, while the United States has a mere 288. By 2030, a US Naval War College study warns, China could have as many as 530 warships and submarines. At some point in the intervening decade, China is likely to make the fateful decision to transform its predominant economic power and its burgeoning military power in the Middle East into an alliance designed to undermine the US position in the region.

In the meantime, China’s propaganda machine certainly sounds as if it is preparing the battlefield. Its response to the COVID-19 crisis is a case in point. While President Trump and other prominent leaders openly accuse China of deceiving the world regarding the cause and severity of the outbreak, Beijing’s propaganda machine is blaming the United States. On March 17, 2020, for example, the China Global Television Network published an Arabic-language video titled, “Is the Novel Coronavirus Made by the United States of America?” The video asserts that there is no evidence that the virus originated in the market of Wuhan, raising the possibility that “it might be [the] US army” that brought the virus to China. “Be transparent! Make public your data,” a narrator orders the American Centers for Disease Control. “The US owes us an explanation!”

By themselves, broadcasts of this sort are nothing to worry about. Iran pumps them out continuously. But when backed by a peer competitor, they are cause for concern. The United States had best begin preparing for a serious contest in the Middle East. Pleasing stories about the compatibility of Chinese and US goals will feel good right up until the day when the Chinese decide to drop the hammer.